LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
http://www.in.gov/legislative

FISCAL IMPACT STATEMENT

LS 7536 | **NOTE PREPARED:** Jan 20, 2005
BILL NUMBER: HB 1761 | **BILL AMENDED:**

SUBJECT: Medicaid Eligibility of Secondary School Students.

FIRST AUTHOR: Rep. Pelath | **BILL STATUS:** As Introduced
FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL | **IMPACT:** State
DEDICATED
X FEDERAL

Summary of Legislation: This bill requires the Office of Medicaid Policy and Planning to apply for an amendment to the State Medicaid Plan to provide Medicaid to a child who: (1) is less than 21 years of age; (2) has a household income and resource level that meets the federal Temporary Assistance to Needy Families (TANF) program requirements; and (3) is enrolled in and attending high school.

Effective Date: July 1, 2005.

Explanation of State Expenditures: *Summary:* The fiscal impact of this bill would be dependent upon legislative and administrative decisions that would define the potential size of the optional eligibility group. Any expenditures would be from the Medicaid account of the state General Fund.

TANF Income and Resource Levels: The bill requires that the new eligibility group meet the TANF (Temporary Assistance for Needy Families) income and resource standards. The maximum monthly cash grant (and standard of need) under TANF as provided in statute is $139 for a family size of one. Initial eligibility requires meeting two income criteria. First, family income must be less than 185% of the standard of need according to family size, or $257 a month for a family size of one. Second, after certain exemptions and disregards are deducted, the net countable income must be less than 90% of the standard of need (approximately $125 for an individual). Subsequent to application, income is limited to 100% of the federal poverty level in order to retain eligibility ($776 per month).

The statutory maximum (standard of need) was last changed in 1987 and is approximately 18% of the federal poverty level for a family size of one. At the time of initial TANF application, in addition to income criteria, total resources must be less than $1,000 and cannot exceed $1,500 subsequently.

Medicaid Provisions: Currently, Medicaid covers individuals to age 19 up to 150% of the federal poverty level, or $1,164 monthly income for an individual. At age 19, the majority of children lose Medicaid eligibility unless their eligibility is maintained under a different classification, such as disability.

Additionally, Medicaid currently covers young adults over age 19 but not yet 21,regardless of school enrollment if they continue residing in a TANF-eligible household. The group this bill addresses would therefore have to be living independently away from the family.

Data is not available to estimate the size of the group that might be added to Medicaid eligibility by this bill. The Department of Education does not keep enrollments by student age. The specific circumstances that would be required to qualify (i.e., secondary school enrollment, independent, aged 19 through age 20, with extremely limited income and resources) would appear to restrict the size of the group to a very small number of individuals. In order to add this optional eligibility group, the Office of Medicaid Policy and Planning (OMPP) must submit a State Plan amendment defining the eligibility group within the parameters defined in the bill. The definition of eligibility and the size of the potential category that would be approved by the Centers for Medicare and Medicaid Services (CMS) will determine the ultimate cost of the bill. OMPP estimates capitated rates for Medicaid children per member per month of $118.08 for FY 2006 and $122.79 for FY 2007. However, it is not known how many of these young adults currently maintain Medicaid eligibility because they qualify under other eligibility group requirements, such as disability.

Medicaid is a jointly funded state and federal program. Funding for direct services is reimbursed at approximately 62% by the federal government, while the state share is about 38%. Funding for administrative services is typically shared 50/50.

Explanation of State Revenues: See *Explanation of State Expenditures* regarding federal reimbursement in the Medicaid Program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Division of Family and Children and the Office of Medicaid Policy and Planning, Family and Social Services Administration.

Local Agencies Affected:

Information Sources: Chuck Mayfield, LSA Fiscal Analyst, 317-232-4825, “Issues Relating to the Organizational Structure of the Office of the Secretary of Family and Social Services - FSSA Program Inventory prepared by the Indiana Legislative Services Agency, August, 2004; and Melanie Bella, Assistant Secretary for Medicaid.

Fiscal Analyst: Kathy Norris, 317-234-1360.